

Green Resilient Agricultural-Centred Private Sector Economic Development (GRAPE 2)



GRAPE 2 drives sustainable economic development in Nepal by **fostering entrepreneurship**, **strengthening climate resilience**, and placing women and youth at the **forefront of new growth opportunities**. Implemented under the strategic

guidance of the Ministry of Land Management, Cooperative and Poverty Alleviation (MoLCPA), the project is jointly financed by the European Union (EU) and the German Federal Ministry for Economic Cooperation and Development (BMZ).

Challenges and Potentials

Nepal has set itself the goal of **graduating from its status as Least Development Country (LDC)** by 2026. In pursuit of this, the Government of Nepal is strengthening stability, boosting trade and investment, accelerating economic transformation, advancing climate action, and promoting inclusion.

Agriculture remains the backbone of Nepal's economy, but it is constrained by poor infrastructure, limited inputs, and fragmented value chains and climate impacts.

Small-and medium-sized enterprises (SMEs) and cooperatives are **key to driving innovation** and **increasing incomes** in the agriculture sector.

They contribute about 22% to gross domestic product (GDP). Yet their growth is hindered by structural barriers, such as limited access to finance, technologies, and business development services.

About one-third of total enterprises are owned by women. Many of them remain informal and face systemic barriers to finance, markets, and visibility. Empowering women and youth to **leverage resources, skills, and opportunities** is essential for Nepal's long-term economic transformation.

With over 40% of the population aged 16 to 40 years old, youth empowerment is equally critical. Job opportunities are limited, especially in rural areas, prompting outmigration. Yet many young people prefer to work in Nepal and are interested in starting their own business. **Retaining a young labour force and investing in their entrepreneurial skills** is important to tackle the root causes of migration, build community resilience, and drive innovation.

NEPAL IN FIGURES



Goal

GRAPE 2 promotes business development that broadens opportunities for women and youth, strengthens local value chains, and fosters national and international market linkages.

By scaling proven best practices, building partnerships and network, and leveraging local institutions, the project creates an inclusive and resilient private sector that drives sustainable economic growth across Nepal.

Implemented by:

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Project term:

February 2025 to November 2029

Budget:

EUR 21.75 Mio.

Approaches

Private Sector Development



GRAPE 2 works with Nepali partners to develop inclusive business development programmes for SMEs and cooperatives. Considering the diversity and different growth stages of enterprises, the project offers a range of programmes—from **incubation of startups, coaching for emerging SMEs, to public-private partnerships** with established businesses.

Together with these partners, it promotes value addition, innovation, and digitalization across key sectors. It also enhances **access to services**,

addressing climate risks and facilitating trade and market linkages. The project strengthens the connections among small producers, entrepreneurs, and national as well as international markets.

At the same time, the project works with provincial governments and municipalities in Koshi, Karnali, and Sudurpashchim provinces to **develop an entrepreneurial ecosystem** by improving business-friendly services, setting up fora for public-private dialogue, and building inclusive business networks.

Climate Adaptation



The project strengthens climate adaptation in agricultural systems. It recognises the private sector as a key driver of climate action, investing in climate-smart value chains, encouraging innovation, and unlocking climate finance.

It supports SMEs in adopting climate-smart practices, scaling up green business models, and preparing for climate risks along agricultural value chains. Strengthening the **climate profile of SMEs** can unlock new market opportunities—particularly for biodiverse and climate-adapted **high-value niche products**—and improve access to finance.

It partners with municipalities to embed climate adaptation and mitigation into local planning, budgeting, and implementation processes, using **Climate Budget Tagging** tools and aligning local economic development priorities with long-term climate adaptation.

The project also works with farmers, local communities, and civil society organisations to build knowledge and capacity to adapt to the changing climate by promoting **sustainable farming practices**, resource-efficient technologies, and circular economy approaches.

Gender Equality & Youth Empowerment



GRAPE 2 actively seeks to **challenge restrictive cultural norms and address structural barriers** that limit their participation in the economy. The project builds a strong business case for women and youth—positioning them not just as beneficiaries, but as key economic actors driving innovation and inclusive growth in Nepal.

In supporting women entrepreneurs, the project focuses on removing gender-specific barriers and designing **business development**, financial services and networking opportunities that meet women's realities and enhance their skills and confidence. GRAPE 2 **incubation lab** focuses on start-ups and supports young people to launch their businesses.

Working hand-in-hand with media organisations, advocacy groups, and community-based

organisations, GRAPE 2 aims to sensitise, educate, and advocate for women's economic empowerment. Various **dialogue platforms**, including the talk show *Sajha Sawal* and street theatre performances, as well as **media campaigns** showcase positive role models and celebrate their successes. **Community engagement** creates space for discussion on the shifting norms and roles of men and boys and appreciate their role in breaking gender stereotypes.

At institutional level, GRAPE 2 works with municipal governments to apply **gender-responsive planning and budgeting** that ensures women's priorities are reflected in local economic development. Through the agri-tech fellowship, young graduates are placed in municipalities to gain work experience, while infusing fresh perspectives in local governance processes.

Expected Impacts

Improved incomes and working conditions

More jobs in the agriculture

More women-led businesses

Ease of doing business

Increased competitiveness of Nepali SMEs

Climate adaptation

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GIZ is responsible for the content of this publication

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